

SUMMARY OF VOLUME 2 CHANGES

Section Number	Changes
0101	All References to the Defense Business Operations Fund (DBOF) have been changed to the Defense Working Capital Funds (DWCF).
010108	Identifies revised location of security classification instructions for intelligence programs/activities.
010201	<p>Adds expense/investment criteria to determine financing for engineering efforts to satisfy deficiency.</p> <p>Adds expense/investment criteria to clarify funding policy for incidental material and conditional requirements identified during a modification.</p> <p>Defines service life extension programs that can be funded in Procurement and in O&M.</p> <p>Clarifies software funding policy.</p> <p>Deletes "with the exception of investment funded parts" to eliminate confusion.</p> <p>Updates the expense/investment dollar threshold.</p>
010202	<p>Expands discussion on the use of long lead material.</p> <p>Clarifies economic order quantity purchase requirements.</p>
010203	Clarifies multiyear procurement requirements for stable configuration, realistic cost estimates, present value analysis, support cost certification, cancellation ceilings, and economic order quantity purchase requirements.
010205	<p>Deletes section requiring Intrusion Detection Systems to be funded only in the Other Procurement appropriations or in the Capital Budget of the DWCF business area.</p> <p>Adds section regarding engineering change order funding.</p>
010205	Adds paragraph acknowledging engineering change order funding requirements.
010208	<p>Deletes requirement for acquisition pilot program documentation. Renumbers remaining sections.</p> <p>Clarifies funding policy for nondevelopmental item (NDI) procurement.</p> <p>Clarifies appropriation that can be used to procure NDI items.</p>
010209	Deletes paragraph regarding funding replenishment spares in procurement.
010210	Deletes statement that assets can be retained in the Special Defense Acquisition Fund.

Section Number	Changes
010212	<p>Updates Low Rate Initial Production (LRIP) reference and clarifies appropriations that can be used for LRIP.</p> <p>Adds sentence regarding lack of competition and prioritization if efforts are not properly categorized in RDT&E.</p> <p>Clarifies when it is appropriate to use procurement or O&M funding for product improvements (as long as no development or initial operational tests are required).</p> <p>Clarifies funding policy for low rate initial production assets.</p> <p>Adds paragraph for test article funding for space systems. Renumbers remaining paragraphs.</p>
010213	<p>Adds another method to fund RDT&E requirements.</p> <p>Adds paragraph acknowledging engineering change order funding requirements.</p>
010217	Clarifies the method for computing military personnel costs.
010218	<p>Policy allowing the recovery of Accumulated Operating Results over a 2-year period is added.</p> <p>Policy concerning recovery of unplanned losses in Depot Maintenance activity groups is explained.</p>
010219	<p>Revises capital budget thresholds.</p> <p>Upper limits for Minor Construction Project is increased to \$500,000.</p> <p>Upper Limit for minor construction projects intended solely to correct a deficiency that is life threatening, health threatening, or safety threatening is increased to \$1,000,000.</p> <p>Depreciation schedules are updated for changes in Software Development. New Depreciation schedules which comply with FASAB #6 are listed for use beginning in FY 2000.</p>
010223	<p>Procurement Glossary: Established as separate section.</p> <p>Adds and clarifies several definitions.</p>
010224	<p>RDT&E Glossary: Established as separate section.</p> <p>Adds definition for test article.</p>
010301	Modified to indicate that Capital budgets are to be submitted in landscape format.
010302	<p>Distribution addresses revised.</p> <p>Distribution copy requirements revised.</p> <p>Guidance to call budget receiving office prior to delivery added.</p>

Section Number	Changes
010401	Information Technology budget requirements revised and reviewing organization changed. Intelligence and C ³ program guidance referred to Chapters 16 and 17.
010403	Guidance on distribution of President's budget justification material significantly revised. Requirements for Internet sites <u>and</u> CD-ROM for President's budget justification material added. Distribution requirements changed for copy quantities. Internal DoD paper copy distribution essentially limited to classified budget documents. Unclassified will be placed on Internet sites. Guidance to call budget receiving office prior to delivery added.
010404	Security review procedures clarified.
010405	Processing procedures updated.
010406	Guidance on classified appeals added. Reference to individual oversight committees deleted. Appeals will be to conferees.
010501	Deletes FYDP from Budget Automation Requirements reporting. New Section 0107 established for the Automated Future Years Defense Program (FYDP).
010502	Procurement Annex renamed to Procurement Programs. Adds P-1R report and Procurement Cost Type codes "S" for Reserve Equipment (Memo Non-Add) and "T" for National Guard Equipment (Memo Non-Add).
010503	RDT&E Annex renamed to RDT&E Programs.
010505	Updates list of accounts which require an Obligation Plan as part of the budget estimate submission. Updates financing code stub entries for Budget Review System (BRS) Programming and Financing schedule and updates the table displaying relationship between OMB's Program and Financing (P&F) Schedule in OMB Circular A-11 and DoD's Budget Review System. Updates diagnostics for BRS error messages. Budget execution report SF 133 replaces the DD 1176. Adds Component/Suffix codes for NIMA, DTRTCA and DMEA. Changes DNA to DSWA, DIS to DSS and CPMS to DHRFA. Adds default object class Tx2551 – R&D Contracts for accounts 2040a, 1319n, 3600f and 0400d. General default object class has been changed to Tx26.01 – Supplies and Materials.

Section Number	Changes
	Provides updated extracts from the “Budget Accounts Title File Listing.”
010506	Name Edit System (NES) Structure and Description, subparagraph O. – Object Class 25.2 has been restricted to no more than 15 percent of the total Object Class 25 resources.
010603	Updates appropriations and budget activities by functional title for military functions.
	Under the Heading Functional Title – Revolving and Management Funds, the William Langer Jewel Bearing Plant Fund, ADP Equipment Management Fund, Emergency Response Fund – Defense, and the Navy Management Fund are eliminated. The Army Conventional Ammunition Working Capital Fund is listed until closed.
0107	Automated Future Years Defense Program Database section added.
0108	Automated C ³ ISR Database section added.
0109	Renumbered from 0107.
010903	PB-39 appeal formats modified.
	Congressional Insert formats modified.
010904	Title changed for forms DD2235, DD2236 and DD2236-2 to include both End Strength and Full-Time Equivalent data.
	Instructions for SD Form 463 updated to include Cost Type codes “R” and “T” for Reserve and National Guard Equipment memo non-add entries.
020202	Adds new verbiage to reflect the consolidation of the Basic Allowance for Quarters (BAQ) and the Variable Housing Allowance (VHA) into the Basic Allowance for Housing (BAH). Also adjusts required exhibits to reflect the change.
020205	Adds guidance regarding the M-1 exhibit for Active Personnel appropriations.
020304	Adds guidance regarding the M-1 exhibit for Reserve Personnel appropriations.
0204	Deletes exhibit and requirement for submission for the Military Retirement Fund.
020602	Incorporates legislative proposals on Military Personnel summary exhibits.
	Includes Active Duty for Special Work on Milpers Summary exhibits.
	Adds new exhibit (PB-30F-1) on officer gains by month.
	Adds new exhibit (PB-30F-2) on enlisted accessions by month.
020603	Incorporates legislative proposals on Reserve Personnel summary exhibits.
030201	Incorporates new instructions for downloading the Comptroller computer software from the Internet website for submission of the automated exhibits and emphasizes review requirements for submission. Also updates appropriations and accounts required to submit automated data.

Section Number	Changes
	Deletes section and requirement for non-DBOF (now Defense Working Capital Fund) unit cost areas.
030301	Operations Accounts Exhibits list updated. (July 1998 change)
030302	Corrects paragraph numbering by remarking “H” as “G” and adds narrative to reiterate that Components are responsible for cross checking data among the exhibits.
	Updates to Organization/Exhibit Requirements for Justification Books for following requirements: Vol I – adds O-1 and deletes PB-31C; Vol II – adds PB-15 and PB-28 and deletes PB-31R; Vol III – Moves Real Property Maintenance and Minor Construction exhibits to Volume II., deletes OP-27H requirement in this volume. Requirement now in Vol. 11A. (June/July 1998 Change)
	Updates Additional Accompanying Exhibits by deleting requirement for PB-28 (sic), Waste Minimization Capitalization Account which should have been PB-29.
	Adds requirement for all O&M Overview exhibits to reflect price and program changes.
0304	<p>OP-5 Exhibit is revised to include OP-5 attachments. (July 1998 change)</p> <p>OP-8 Updates to reflect changes in FTE reporting.</p> <p>OP-20H Removes exhibit from Chapter 3 and includes requirement in Chapter 11A.</p> <p>OP-24 Adds narrative, “Provide written explanation/justification for changes between fiscal years.”</p> <p>OP-30 Revises exhibit in its entirety.</p> <p>OP-32 Updates line items to reflect current expense categories.</p> <p>OP-34 Adds requirement to identify costs associated with Category D Commissary Support.</p> <p>OP-78 Revises exhibit in its entirety.</p> <p>OP-80 Replaces exhibit in its entirety.</p> <p>PBA Exhibits Adds requirement to include price and program changes and verify data on related exhibits.</p> <p>PBA-2 Adds new requirement and section on inventory.</p> <p>PBA-4 Adds requirement to identify costs and explanations at the subactivity group level.</p> <p>PBA-5 Adds requirements and section on description of operations financed.</p> <p>PBA-11 Adds requirement to include civilian end strength.</p> <p>PBA-12 Revises program data for consistency with guidance in Chapters 17 and 19.</p>

Section Number	Changes
	PBA-13 Clarifies section on First Destination Transportation major commodity.
	PBA-15 Adds new requirement and exhibit for Commissary Support.
	PBA-26 Adds requirement and section to identify total aircraft inventory.
	PB-31D Revises information requirement, primarily to include information by budget activity. (July 1998 change)
	PB-31Q Adds requirement to include narrative explanation for changes in direct and indirect hires.
0403	Increases budget exhibit threshold from \$2 million to \$5 million.
0405	Reduces justification material requirements for programs with a funding value less than \$5 million (only the P-40 and P-40a exhibits are required.)
040502	P-1 Deletes the unit cost column from the exhibit.
	P-3a Adds clarifying instructions for modifications.
	P-8a Reinstates P-8a, Analysis of Ship Cost Estimates - Major Equipment.
	P-11 Deletes requirement for P-11, Electronic Warfare (EW) Funding Summary.
	P-21b Deletes requirement for P-21b, Production Schedule by Facility (Ammunition.)
	P-26 Eliminates requirement for unneeded information.
	Multiyear Exhibits Adds clarifying instructions for multiyear programs.
050403	Deletes the paragraphs regarding comparison reports and project listing and establishes the comparison report as an exhibit.
050404	Deletes requirement for electronic file submission to Defense Technical Information Center (DTIC). Requirement is accomplished through internet posting by Military Departments and by OUSD(Comptroller) for Defense-wide (Defense Agency, etc.) accounts.
0505	R-2a Adds new exhibit for project information. Information requirements have not changed; however, the new exhibit clarifies previous information requirements.
	R-3 Modifies the exhibit to portray information in a different format and adds clarifying instructions.
060201	Threshold raised from \$300,000 to \$500,000 for unspecified minor construction that may be funded with O&M.
	Design status milestones added. Projects using parametric cost estimates should be considered zero percent designed.

Section Number	Changes
060202	<p>Scope of the Family Housing New Construction account increased to include design costs of contractors when performing a turnkey contract.</p> <p>NFIP Budget Subactivities added.</p>
060301	<p>Deletes requirement to include Program and Financing schedules in Military Construction justification books.</p> <p>Requirement that all requested construction projects be at least 35 percent designed at the time of the budget estimate submission is deleted. However, requested projects that will not obtain the 35 percent design stage by January 1 must be identified to the OUSD(C) Military Construction Directorate.</p>
060302	<p>Deletes requirement to include Program and Financing schedules in family housing justification books.</p> <p>Updates number of family housing leases allowed and calculations of maximum lease costs.</p> <p>Adds the FY 1988 budgeted foreign currency exchange rates used in the calculation of maximum lease costs in foreign countries.</p> <p>Requires a PB-18 Exhibit be submitted with the Budget Estimate Submission for family housing O&M accounts participating in the Foreign Currency Fluctuations, Construction, Defense appropriation.</p>
060305	<p>Requirement for the NATO Security Investment Program to submit a list of all requirements, construction and procurement, associated with NATO expansion added.</p>
060306	<p>Budget estimate submission requirements for the Family Housing Improvement Fund added.</p>
060402	<p>Deletes requirement to include Program and Financing schedules and Object Classification schedules in justification books provided to Congress.</p>
060403	<p>Construction completion date added to DD Form 1391 Supplemental data.</p> <p>Requirement to provide an updated Military Construction/Family Housing Outyear Project Data exhibit added.</p> <p>Requirement added to DD Form 1391 Design Data to indicate whether an energy study and a life-cycle cost analysis was performed in support of the design of the proposed facility.</p>
060502	<p>Requirement to identify antiterrorism force protection/physical security measures on the DD Form 1391, Military Construction Project Data, added.</p> <p>Military Construction/Family Housing Outyear Project Data Exhibit revised.</p> <p>Exhibit FH-1, Tri-Service Family Housing Cost Model, revised.</p>
070302	<p>Revised Budget Estimate Submission guidance requires separate justification books for each Base Closure account vice each Base Closure Commission action.</p>

Section Number	Changes
	Requirement for a BRAC Cost and Saving Exhibit (BC-02) added.
	Requirement to update prior year estimated savings to reflect actual savings added.
	BRAC O&M Summary OP-5 Exhibit no longer required.
	OP-5 Attachment 1, Reconciliation of Increases and Decreases, no longer required.
	OP-32 Exhibit, Summary of Price and Program Changes, no longer required.
	BRAC ENV-1A/B exhibits requirement added to provide environmental progress and funding priority for BRAC sites.
070502	DD Form 1391 Military Construction Project Data - requirement to identify antiterrorism force protection/physical security measures on the added.
	BRAC ENV-1A/B Exhibits added to provide environmental progress and funding priority for BRAC sites.
	OP-5 Exhibit deleted.
080105	Real Property Maintenance, Defense account deleted – no longer applicable.
	Definition of Repair and Maintenance added.
080201	Threshold raised from \$300,000 to \$500,000 for unspecified minor construction that may be funded with O&M.
080202	OP-27H, Historic Buildings and Housing Costs, no longer required.
090102	The establishment of the Defense Working Capital Funds (DWCF) is noted.
090103	Provides a formula for calculating the appropriate cash level for a DWCF organization. Adds requirement for notification to Revolving Funds Directorate and the Congress when advance billing of customers is required.
	Adds depreciation schedules for fiscal year 2000 and beyond.
	Establishes a new threshold of \$1,000,000 and above for requirement to prepare an economic analysis to justify a Capital Investment Program (CIP) project. A cost analysis must be prepared for projects below \$1,000,000.
	Revises upper limits for minor construction projects.
	Changes requirements for preparation and submission of post investment analysis.
	Provides guidance for requesting carryover authority for CIP.
	Updates guidance for Unutilized and Underutilized Plant Capacity.
	Clarifies guidance for computing military personnel costs.

**Section
Number**

Changes

Specifies the use of Percentage of Completion Method for Revenue Recognition starting in the year 2000 for all nonsupply activity groups.

Specifies rules related to AOR loss recovery over a 2-year period.

Provides for the recovery of unplanned losses at Depot Maintenance Activities during the year of execution.

Specifies prior approval of extraordinary write-offs.

090104 Provides option for developing rates at the activity level or product line level within an activity group.

090203 SM-5A Adds requirement for backup for President's Budget.

SM-8 Deletes requirement for OSD/OMB submit. Still required for backup to President's Budget.

090204 SM-8 Deletes requirement for OSD/OMB submit. Still required for backup to President's Budget.

Fund-7a Adds requirement for back up to President's Budget. Deletes requirement for inclusion in President's Budget.

090402 Fund-5a Requires breakout of individual amounts for DLSC, DAASC, and DRMS.

Fund-1A Modifies exhibit to bring it in line with OP-32 format.

Fund-3 Changes format to include Unit cost information.

Fund-6 Exhibit deleted.

Fund-7b Updated to reflect impact of revised AOR loss recovery.

Fund-9a Updates capital investment threshold. Lists new category for Software Development. Provides guidance for dollar threshold reporting within categories.

Fund 9b Updates reporting requirements.

Fund-14 Updates exhibit to reflect adjustments to NOR and AOR. Also provides for a new category to display items recommended for exclusion from rate recovery.

Fund-14A Adds exhibit for Supply Management Business Areas. Two Part Format.

Fund-20 Updates exhibit to report workyears vice end-strength by grade.

Fund-21 Updates exhibit to include revised reporting for Disadvantaged employment and other personnel programs previously excluded.

Fund-28 Updates Format.

Section Number	Changes
	Fund-29 Updates Format.
100101	Clarified status of the Conventional Ammunition Working Capital Fund.
100102	Deletes Navy Management Fund, Emergency Stock Fund, Department of the Navy Trust Revolving Fund, and Department of the Air Force Revolving Trust Fund.
100202	Deletes Navy Management Fund, Emergency Stock Fund, Department of the Navy Trust Revolving Fund, and Department of the Air Force Revolving Trust Fund.
100402	Deleted exhibits related to the Army Conventional Ammunition Working Capital Fund.
	Exhibit CT-1 Revised formulas for calculations. Added line items for Unobligated balances at beginning and end of year.
	Exhibit SP-1 Modified format.
120402	Significantly revises exhibits to reflect creation of TRICARE Management Activity and the realignment of program elements into new budget activities.
130105	Revises and expands actions included under Installation Restoration Program.
	Revises section on Other Hazardous Waste.
130202	Adds narrative requirement for submission of the OP-32, Price and Program Growth, exhibit as instructed in Chapter 3.
130302	Changes submission requirements for ENV 30D-E from OUSD (Comptroller), Operations and Personnel, to DUSD (Environmental Security.)
130401	Revises to clarify format for environmental restoration submission.
130402	Renames and revises exhibits ENV-30A-E.
140202	Adds requirement for Counter-drug Enforcement, Policy, and Support (CDEP&S) to provide copies of procurement and RDT&E budget exhibits to OUSD(C) Operations and Personnel Directorate.
140302	Revises PB-43, PB-44, PB-45, and PB-47 exhibits in their entirety.
150402	Adds instructions concerning OP-53 and OP-53A.
160101	Replaces Defense Intelligence Program (DIP) with National Foreign Intelligence Program (NFIP).
	Adds Joint Military Intelligence Program (JMIP).
160104	Guidance on changing Intelligence program elements added.
160105	Definitions of NFIP, JMIP and TIARA added.

Section Number	Changes
160202	Provides a more complete listing of the NFIP Components.
160203	JMIP submission requirements added.
160302	Replaces DIP with NFIP. Provides a more complete listing of NFIP Components.
160304	Services and Defense Agencies required to provide an electronic file of Budget Line Items to maintain Automated Command, Control, Communications, Intelligence, Surveillance and Reconnaissance (C ³ ISR) database.
160402	Provides guidance on classified appeals to congressional action on NFIP, JMIP, and TIARA programs.
160502	Provides guidance on Automated C ³ ISR database.
160602	Updates crosswalk exhibit IP Form 1.
170101	Updates Information Systems Security Program to include the newly established Defense-wide Information Assurance Program and updates remaining references to same.
170103	Adds a paragraph regarding the composition of C ³ programs. Renumbers remaining section.
170201	Adds a paragraph regarding the composition of C ³ programs. Renumbers remaining section.
170305	Adds paragraph to define relationship of C ³ Congressional Justification Book with Military Department and Defense Agency Justification Material.
1704	Adds section on automated reporting requirements.
1801	Chapter 18 has been rewritten in its entirety. Significant changes are as follows: <ul style="list-style-type: none"> - Elimination of the requirement to submit an IT-43; IT-2, 3, 4, 5 formats. - The Executive Summary is renamed to the IT Overview, and contains expanded justification materials, as well as a simple audit trail of changes from last submission to current. (Similar to the O&M trails). Requires a crosswalk to other exhibits. - The IT-1 is updated to meet new OMB Circular A-11 requirements. - The Mission categorization reporting is accommodated by the IT/DII Reporting Categories. - IT/DII reporting levels eliminate the defunct CIM terminology, and reflects the DII Master Plan categories that align to DoD Missions and IT Backbone Activities. - Definitions reflect the Clinger-Cohen Act of 1996 terminology and requirements. - The IT-2 is eliminated. - The category Major is aligned with DoD 5000 terminology.

Section Number	Changes
	<ul style="list-style-type: none"> - Major Initiatives must be reported on new IT(300b) Capital Investment Justification Exhibit. This exhibit incorporates some of the information requirements of OMB Circular A-11, Exhibit 40B, on financial systems. - PY, CY, BY1, BY2 data are required; BY2+1-3 are required on the IT 300b, and are optional on the other exhibits.
1902	Adds new section on Combating Terrorism.
190301	Updates the list of activities that are designated as Major Range and Test Facility Bases.
190402	Expands the types of programs for which an Exhibit T&E-1 must be submitted.
190501	Exhibit requirement revised to reflect OMB Circular A-11 dated July 1, 1998. (July 1998 change)
190902	<p>PB-14 Adds Functional Transfer exhibit.</p> <p>PB-15 Revises definitions for Advisory & Assistance Services and revises exhibit in its entirety.</p> <p>PB-16 Adds new exhibit to summarize legislative proposals.</p> <p>PB-17 Adds new exhibit for Employee Relocation Expenses.</p> <p>PB-18 Adds Singapore to country list.</p> <p>PB-19 Adds new exhibit for Contract Reporting by Appropriation</p> <p>PB-22 Revises exhibit to reflect changes of Management Headquarters Working Group.</p> <p>PB-25 Deleted section on Indirect Support.</p> <p>PB-28 Amplifies guidance for submission requirement.</p> <p>PB-28A Adds new exhibit for Environmental Security Technology.</p> <p>PB-41 Adds requirement to submit the Congressional Justification/Presentation input by January 5th of each year.</p> <p>PB-42 Exhibit revised. Renamed as Competition and Privatization. (July 1998 change)</p> <p>PB-50 Expands data requirements.</p> <p>PB-54 Adds new exhibit for Civilian Personnel Hiring Plan.</p> <p>PB-55 Adds new exhibit for International Military Headquarters.</p>
191203	<p>MRTFB-2a Element of Expense Listing revised to include a FY PY-1 column.</p> <p>MRTFB-2d Source of Direct Funds revised to include a FY PY-1 column.</p>

**Section
Number****Changes**

191204	T&E-1	Revised to include FY PY-1, BY2+1, BY2+2, BY2+3 and BY2+4 columns.
	T&E-1	Revises guidance on Instructions for Exhibit T&E-1.